

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**  
**DIVISION OF COMMUNITY AFFAIRS**  
**HOME Investment Partnerships Program**

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September 17, 2002

To: Interested Parties

From: State HOME Program

Re: Questions and Answers for 2002 HOME NOFA

Attached are the Questions and Answers ("Q and A") follow up to the NOFA workshops held August 20<sup>th</sup> and August 22<sup>nd</sup> in Sacramento and Riverside, California. The attendance and input were very good for both meetings. The interactions resulted in many questions which we have attempted to effectively characterize in the attached Questions and Answers. The questions and answers are organized into General questions that apply to all potential applicants, questions that apply specifically to Program and First Time Homebuyer Project applications, and questions that apply to Rental Project applications.

There are some specifics items in the "Q and A" attachment that we would like to call to your attention:

1. Match waiver

Match has been waived for all program and project applications submitted in response to this 2002 HOME NOFA. Please remember that leveraging is still an important rating factor. Also, please note that this waiver is only effective for programs and projects funded pursuant to the 2002 NOFA. HCD will consider extending the waiver to future years prior to issuance of subsequent NOFAs.

2. Revised Qualified Applicant List (qualified to apply for \$200,000 more for program activities)

The original Qualified Applicant list, distributed at the NOFA training workshops, included those who met these tests: a) they had a HOME program with an expenditure milestone in 2001, b) they met their final 2001 expenditure milestone, c) they filed at least one of the last two quarterly reports on time, and d) they filed their Annual Performance Report on time. The list has been modified as additional data has become available, and to include those who met their final 2001 program expenditure milestone, even if their reports are late or missing now, ***as long as they file all missing quarterly reports and Annual Performance Reports by October 30, 2002.*** If you apply for bonus funds, and your name was not on the original Qualified Applicant list, it is your responsibility to make sure we have received your reports.

There are other potential qualified applicants, not shown on the list: a) those who have never had a HOME program award, and b) those HOME program recipients who had no calendar year 2001 expenditure milestone (i.e. 00-HOME and 01-HOME contractors). These 00-HOME and 01-HOME contractors are also qualified for the bonus ***if they file all missing quarterly and Annual Performance***

***Reports by October 30, 2002.*** If there is any doubt as to your eligibility for this list, please contact your HOME representative as soon as possible.

### 3. Administration and Activity Delivery amounts (State Recipients)

For State Recipient Administration, multiply your total application amount by 2.5% (not, as in previous years, 2.5% multiplied by the Activity amount). For Activity Delivery costs, subtract Administration from your total application amount; multiply the remainder by 6% (or 12% for Owner Occupied Rehabilitation and FTHB – Acquisition and Rehabilitation). The total of Administration and Activity Delivery Costs may not exceed \$100,000.

### 4. Administration for CHDO's

CHDOs are eligible only for “CHDO Operations”, which is calculated as 8.5% times the total Application amount, not to exceed \$100,000.

### 5. Rating and Ranking Capability Points

The “Q and A” contains specific guidance on how to maximize the score for your particular situation.

### 6. Land or Building Donation/Leveraging

Documentation that needs to be provide to get leverage credit for a donation of land/building is: a) a letter or resolution donating the land, describing all conditions of the donation, and containing all of the information required for a permanent financing letter, and b) an appraisal showing the current value of the land/building (a broker's letter is not acceptable).

### 7. Application Limits

Please see the attached “2002 HOME NOFA Application Limits”.

### 8. Applicant Certification and Commitment of Responsibility

All applicants are required to replace page 7 in the Application with the revised page 7, which is an attachment to this memo. The application on the website will also be modified. The page has been modified, per a finding from the Bureau of State Audits, to add a certification that the applicant is “not currently suspended or debarred from receiving federal funds.”

Please call your HOME representative or the main HOME number, (916) 322-0356, if you have any questions regarding the information presented herein. Thank you and the HOME Program looks forward to working with you in the future.

#### Attachments:

- 2002 HOME NOFA Questions and Answers
- 2002 HOME NOFA List of Qualified Applicants
- 2002 HOME NOFA Application Limits
- Revised page 7 for 2002 HOME Application

2002 HOME NOFA  
QUESTIONS AND ANSWERS  
September 17, 2002

GENERAL: FOR ALL APPLICATION TYPES

Administration and Activity Delivery amounts (for State Recipients): Q: How are Administration and Activity Delivery Costs calculated? A: **For Administration, multiply your total application amount by 2.5% (not, as in previous years, 2.5% multiplied by the Activity amount). For Activity Delivery costs, subtract Administration from your total application amount; multiply the remainder by 6% (or 12% for Owner Occupied Rehabilitation and FTHB – Acquisition and Rehabilitation). The total of Administration and Activity Delivery Costs may not exceed \$100,000.**

Administration and Activity Delivery funds/differences: Q: What is the difference between activity delivery funds and administrative funds? A: **Activity delivery funds may be used for the actual implementation of the proposed HOME activity and administrative funds may be used for general administrative costs of the applicant. State Recipients may apply for both types of funds, while CHDOs may only apply for administrative funds, also called CHDO operations funds. For additional details, read page 9 of the 2002 NOFA.**

Administration for CHDOs: Q: How is the amount of Administration for CHDOs calculated? A: **CHDOs are eligible only for “CHDO Operations”, which is calculated as 8.5% times the total Application amount, not to exceed \$100,000.**

Application Limits: Q: What are the application limits? A: **See the attached Application Limits table.**

Application Preparation/Combinations of projects and programs: Q: Can I apply for one project and one program? A: **Yes, you can apply for one project and one program, but you cannot apply for two projects (such as two rental projects or a rental project and a first-time homebuyer new construction project).**

Application Preparation/Additional Explanations : Q: Where should additional explanations be located in the HOME loan application? A: **If further explanation is needed to provide clarification to the application, write directly in the applicable application section and provide a specific citation of the location of the additional information (e.g. “See Tab 10R”). The HOME Program will not be responsible for locating nonreferenced documentation in the application.**

Census data for Need calculations: Q: Will the 2000 census data be used? A: **Yes, if its available in time to use it.**

Grants for Lead Based Paint abatement/mitigation for Rental Rehabilitation: Q: May HOME funds be used as grants for Lead Based Paint abatement/mitigation for Rental Rehabilitation programs or projects? A: **No, HOME funds may be used as grants for Lead Based Paint abatement/mitigation only for Owner Occupied Rehabilitation or FTHB Acquisition and Rehabilitation activities.**

HOME Application form/electronic format: Q: Is the HOME application available at the State HOME website, and can it be filled in electronically in "Word"? A: **Yes, it is on the website. Yes, you can fill it in electronically if you can open a "Word" file. The files (one for each application component) are on the State HOME website. The address is: [www.hcd.ca.gov/ca/home/nofa2002](http://www.hcd.ca.gov/ca/home/nofa2002).**

Land or Building Donation/Leveraging: Q: What documentation should I provide for a donation of land/building? A: **Provide: a) letter or resolution donating the land, describing all conditions to the donation, and containing all of the information required for a permanent financing letter, and b) an appraisal showing the current value of the land/building (a broker's letter is not acceptable). The construction and permanent sources and uses must be consistent with the value of the donation.**

Leveraging for Two Program Activity Applications: Q: Can I count leveraging committed for one activity toward the other activity? A: **No, leveraging is defined as other contributions necessary for the specified activity.**

Match Questions: **Please see the cover memo for this document. Match has been waived for all program and project applications submitted in response to this 2002 HOME NOFA. Please remember that leveraging is still an important rating factor.**

Milestones and Performance Points: Q: If I missed two consecutive milestones in each of my two contracts, do I lose 100 points? If I missed two milestones in one contract, and I missed another milestone in another contract, am I held out? A: **No to both questions. Milestones are evaluated for each contract individually.**

Qualified Applicant List/Eligibility: Q: Will there be any changes to the Qualified Applicant list distributed at the NOFA workshop? A: **Yes. An updated list is attached. Contractors with missing quarterly and annual reports will be allowed to apply for the bonus funds (for programs only) if they file the reports by October 30, 2002. There are other potential qualified applicants: a) those who have never had a HOME program award, and b) those HOME program recipients who had no calendar year 2001 expenditure milestone (i.e. 00-HOME and 01-HOME contractors). These applicants are also qualified for the bonus if they file all missing quarterly and Annual Performance Reports by October 30, 2002. If there is any doubt as to your eligibility for this list, please contact your HOME representative as soon as possible.**

Rating and Ranking/Capability/Activity Specific Experience: Q: How is the experience listed in the individual attachments (Attachments 4-14) evaluated? What does it take to get a perfect score? A: **The final 125 of the Capability points is awarded for the experience listed in the individual attachments. We evaluate the information on "Units Completed" (for programs) and "projects implemented, completed or owned", as appropriate (for projects) compared to other applicants for the same activity. It is impossible to know ahead of time what it will take to get a perfect score; the applicant pool is unknown.**

Rating and Ranking/Capability/Experience at Attachment 2 and 3: Q: I received a HOME award in January 1998 and my contract is numbered 97-HOME-xxxx. Can I count this award on Attachment 2 (or Attachment 3) in the line labeled “1998”? **A: Yes, list HOME experience per the following chart:**

Check the box corresponding to the stated Year at Attachment 2 or 3	State HOME Awards	Other PJ Awards, State CDBG and entitlement CDBG awards
1998	97-HOME, awarded in 1998 98-HOME, awarded in 1999	Award letter dated in 1998 or 1999
1999	99-HOME, awarded in 2000	Award letter dated in 2000
2000	00-HOME, awarded in 2001	Award letter dated in 2001
2001	01-HOME, awarded in 2002	Award letter dated in 2002

Rating and Ranking/Capability/Experience of Individuals: Q: Does the experience of individuals count? **A: No. HCD only counts the experience of the city, county, CHDO, or the Administrative Subcontractor.**

Rating and Ranking/Capability/Rating Points for Applicants without direct HOME experience Q: We know that we are evaluated based on our HOME experience listed at Attachment 2 of the Application. We know that to get the highest number of points in this category (175 of the Capability points are awarded based on the experience listed in Attachment 2 or 3), we need to have received a HOME award in calendar year 1998, 1999, 2000, or 2001. Our city doesn’t have HOME experience for the specified years. Is it possible for other experience to fully make up for these lost points? **A: No. But, the State HOME program awards partial points as follows (with the highest rated experience listed first): a) the application identifies an Administrative Subcontractor and they administered a State HOME or another HOME PJ award that was awarded in 1998, 1999, 2000, or 2001; b) the application identifies CDBG housing activity awards made to the Applicant (or its Administrative Subcontractor) in 1998, 1999, 2000, or 2001; or c) the application identifies HOME or CDBG housing awards made to the Applicant (or its Administrative Subcontractor) in 2002. Please review each application page carefully for the required items of documentation.**

Rating and Ranking/Housing Element Status: Q: Is the “Housing Element” category of 200 points an “all-or-nothing” category? **A: Yes. An applicant will either receive zero points or 200 points, depending on the compliance of the adopted housing element with State law. CHDO applications automatically receive full points in this area. No housing element documentation from the applicant is required. Points are only awarded if HCD has determined, by October 30, 2002, that the Housing Element is in substantive compliance. No points will be awarded for draft or in-review Housing Elements.**

## PROGRAMS AND FIRST TIME HOME BUYER PROJECTS

Application Forms/ Att. 4,5,6,7, 8 and 9: Q: How do I fill out the tables that request information on “Units Completed”? **A: Enter the number of units actually completed in the specified**

calendar year. For FTHB activities, “completed” means the date that the Deed of Trust is recorded. For rehabilitation activities, “completed” means the Certificate of Occupancy or the final building department permit sign off. For calendar year 2002, do not include units you anticipate will be completed after October 30, 2002. Note: for phased projects, you may count the units as they are actually completed; you need not wait for all of the units to be completed. For Tenant Based Rental Assistance activity, use the date the lease is signed.

First Time Homebuyer (FTHB) applications/programs and projects:

Q: What is the

difference between a FTHB program (Attachment 4 of the HOME application forms) and a FTHB project application (Attachment 13)?

**A: A program application is not site specific and the State Recipient (city or county) must market the program in such a way that any eligible borrower can buy any eligible house in the city or county. A program award may only be used for downpayment assistance (no construction financing). Program funds may be used to assist the purchase of either existing homes or newly built homes. A project application is site specific; the site may not be changed later. A project award may be used for either downpayment assistance or construction financing in the new construction of homes in a subdivision. A project award may require a NEPA Environmental Assessment.**

FTHB and Rehabilitation/Eligibility of Mobilehomes:

Q: May HOME funds be used to acquire

and/or rehabilitate mobilehomes? Are there any special restrictions? **A: Yes, HOME funds may be used to assist mobilehomes, provided that: a) the mobilehome must be on a permanent foundation system, and b) the space/site must be leased for at least the period of affordability.**

FTHB Guidelines:

Q: The application requires that item #13 of the Guidelines describe the method for determining the amount of HOME assistance provided to a household. Am I required to state front and back-end ratios?

**A: The housing finance industry commonly uses front and back-end ratios (i.e. a front end ratio compares housing debt, tax, and insurance payments to income and a back-end ratio compares all debt payments to income) and we encourage you to use them, but other methods, e.g. residual income, may also be used. A specific methodology, regardless of what it is, must be described and used.**

FTHB Program/Newly constructed units:

Q: May I use FTHB program funds for

downpayment assistance for newly constructed units?

**A: Yes, provided that the program is marketed to the entire community, and any potential buyer can buy any eligible unit in the community. It is OK for some potential buyers choose to purchase a newly constructed home. However, if the State Recipient or its subcontractors accept a borrower’s application prior to the pouring of the foundation, a higher level of environmental review, generally a Statutory Worksheet, will be required. An Environmental Assessment would only be required if the State Recipient intended to, or knew that, more than four such units would be assisted in a single subdivision.**

FTHB Program/Neighborhood targeting:

Q: Is it OK to restrict the use of FTHB program funds to a

targeted neighborhood?

**A: Yes, provided: a) all of the assisted units are resale units only (no newly constructed units), and b) the restriction to a targeted neighborhood is included in your program guidelines.**

FTHB Project Applications/Environmental Requirements:

Q: If we accept applications

after the foundation is poured, do we still have to do a NEPA Environmental Assessment? **A: Yes,**

because you are aware that the project consists of more than four newly constructed units (which is the threshold for doing an Environmental Assessment).

FTHB Project Applications/Number of sites:

Q: May I apply for more than one site?

**A: Yes, a FTHB project application may identify more than one site, or subdivision, or infill site, but the maximum application limit for a FTHB application still applies, i.e. the maximum application limit must be allocated between these several sites. Fill out a separate Attachment 13, with supporting documentation, for each site. All sites will be rated separately and scores pro-rated based on the amount of funding requested. Note: this is allowed solely for FTHB projects and not rental projects.**

FTHB Project Applications/Rural Development:

Q: For USDA Rural Development self-help projects, what documentation is required for “Other Permanent Financing” to calculate the leveraging ratio?

**A: Because the Application at p. 13-5 specifically excludes USDA Rural Development from the documentation requirements, we will accept any reasonable form of documentation, e.g. the Technical Assistance agreement with Rural Development with an explanation or letter that this agreement covers this project.**

FTHB Purchase Price Limits:

Q: The purchase price limits in the Training Manual are too low for my city or county. Can I request an increase? **A: Yes. Submit the information described at 92.254 (a) (2) (iii) of the HOME Final Rule to HCD. It has been taking approximately 60 – 90 days from our receipt of the information to obtain approval from HUD of a higher limit.**

FTHB/Leveraging:

Q: May CHFA HELP funds count as leveraging?

**A: Yes, but the CHFA HELP loan term on individual homes must be at least as long as the period of affordability.**

Owner Occupied Rehabilitation (OOR) and FTHB “Acquisition and Rehabilitation” Program

Guidelines: Q: Do I have to state a limit for the amount of HOME grant funds per unit which can be used for lead based paint abatement/mitigation?

**A: No, no per unit limit is required, provided that the guidelines state that HOME grant funds for lead based paint abatement/mitigation for any one unit are limited to the “least cost alternative”. The “least cost alternative” is the least expensive method of abating or mitigating the lead hazards.**

Rating and Ranking/Capability/HOME program and project experience:

Q: Can I list a completed project funded from a HOME FTHB *program* as HOME *project* experience? Can I list a completed project funded from a HOME FTHB *project* as HOME *program* experience? **A: See the following table:**

Applying for a ...	FTHB Units completed through a Program	FTHB Units completed through a Project
FTHB Program (acquisition only or new construction)	Yes, countable whether Acquisition-only or newly constructed	Yes
FTHB New Construction Project	Only newly constructed FTHB houses count	Yes

Rating and Ranking/ Rehabilitation Need Factors: Q: May I include supplementary information on rehabilitation needs to replace the Housing Element information? A: **No. For consistency, the State HOME program only uses the number of units needing rehabilitation and replacement as stated in the Housing Element. However, it may be possible to modify your Housing Element and obtain HPD approval to add updated data. Please contact HPD directly.**

Rating and Ranking/Leveraging Calculation for Programs: Q: How are leveraging points calculated? A: **The HOME program first reviews the application’s calculation of “Maximum potential leverage” (for Att. 4, 5, 6, and 9). Second, the HOME program evaluates the leveraging documentation to determine if it meets HOME requirements. Third, all leveraging amounts that meet HOME requirements are added together. Fourth, this amount is compared to the “Maximum potential leverage”; the lower of the two is used. Fifth, this amount is divided by the amount of HOME activity funds requested (total HOME amount less Administration, CHDO Operations, and Activity Delivery). Sixth, the resulting ratios are compared to the same ratio for other applicants for the same activity.**

Rehabilitation Activities/Code Compliance: Q: Do all units, or just the HOME-assisted units, have to be in code compliance? A: **All units, not just the HOME-assisted units, have to be in code compliance when the rehabilitation work is done.**

Rehabilitation Program Guidelines: Q: How do you define “General Property Improvements”? A: **General Property Improvements are items not required to meet code requirements.**

Replacement/Reconstruction Housing: Q: May HOME funds be used to replace/reconstruct a unit that is too expensive to rehabilitate? A: **Yes, provided that the project complies with the federal HOME regulations, the “Final Rule”, Section 92.2, “Reconstruction”.**

#### **ERRATA (from the NOFA hand-outs for Programs and FTHB Project presentation)**

1. Please note the corrected language for the following sentence at Slide #7 of the Powerpoint presentation titled “2002 Notice of Funding Availability (NOFA) Workshop – Program Track”: *A rental project and either a program or a FTHB project.[have the following application limits].* In other words, you may apply for only one project.
2. Please note that “Poor performance with other HCD programs” is not a rating factor for program applicants, but it is for FTHB project applications.

#### **RENTAL PROJECTS**

Application Limits/Qualified Applicant Lists: Q: Is there a qualified applicant list for projects? A: **No. The additional \$200,000 for qualified applicants can only be applied to programs, not projects funded from this NOFA.**

At-risk preservation projects: Q: What defines an “at risk” preservation project? A: **Eligible preservation projects are projects currently subsidized by an affordable housing program from a public agency and whose rents will increase to market rate rents because the housing program subsidy or rent restriction will expire.**



At-risk preservation projects/application limits: Q: Can I apply for \$3.5 million from HOME if my project does not include 9% tax credits and it is an “at risk” preservation project? **A: Yes.**

Augmentation Applications/Rental projects: Q: If the HOME contractor has a 2001 HOME award for \$1 million and applied for 9% tax credits but did not receive them, is the \$2.5 million “augmentation” (for a total of \$3.5 million) considered a new HOME loan application? **Yes, a new HOME loan application must be submitted. The application must clearly show the existing HOME assistance of \$1 million and the \$2.5 million augmentation request (e.g. explain the augmentation in the narrative on Page 2, Section I K and the sources and uses statements). If the augmentation application is funded, you will receive an amendment to the original Standard Agreement which will contain the new deadlines. The deadlines in the original Standard Agreement for the original \$1 million HOME funds will be replaced.**

Davis-Bacon and State Prevailing Wages/Number of HOME assisted units: Q: In the past, a project usually had 11 or less HOME-assisted units and would not trigger Davis-Bacon requirements. Does the number of HOME-assisted units matter anymore now that the state prevailing wage law was passed? **A: Yes. Davis-Bacon requirements will still be triggered if the HOME project contains 12 or more HOME-assisted units. Invoking state prevailing wages has no effect on this rule. However, applicants are advised to analyze the effect of triggering both State and federal prevailing wage rates for a project in your area since you will be required to apply the more restrictive of the two requirements for each trade. As a general rule, applying for more HOME funds will require more HOME units in order to comply with the federal 221(d)(3) subsidy limits. Applicants are encouraged to review SB 972, if signed by the Governor.**

Davis-Bacon and State Prevailing Wages/Tax Credit projects: Q: Is there already an exception to the state prevailing wage law on projects with tax credits? **A: The Department of Industrial Relations has not clearly opined an exemption for tax credit projects being funded from this NOFA. We recommend that you ask your own legal counsel at this time.**

Davis-Bacon/Increasing the number of HOME units: Q: What is the benefit of having more HOME-assisted units in a project? **A: More HOME-assisted units in a project will allow the borrower to receive more HOME funds.**

Davis-Bacon/More Information: Q: Where can I learn more about Davis Bacon and what resources are available? **A: The 2002 HOME Contract Management Manual, Chapter 3, has extensive information and is available online at the State HOME website located at <http://www.hcd.ca.gov/ca/home>.**

Environmental Reviews/Augmentation applications: Q: If I completed the NEPA environmental process (which includes the public noticing) for my 2001 HOME award of \$1 million, must I publish a new public notice if I receive an additional \$2.5 million in HOME funds from the 2002 NOFA? **A: Yes, another public notice is needed due to the receipt of additional HOME funds.**

Environmental Reviews/Timing relative to land acquisition: Q: Does the NEPA review have to be completed prior to the land acquisition? **A: The NEPA review does not have to be completed prior to acquisition if the acquisition is completed prior to the submission of the HOME loan application. Option agreements must contain language which state that exercising the option is**

**subject to compliance with NEPA. Once the HOME application is submitted, you have triggered the federal environmental requirements.**

Environmental Reviews/Use of a City Environmental Assessment for a CHDO project: Q: Can a city's NEPA environmental assessment for a project be used for a CHDO project? **A: Yes, but HCD will review the assessment for completeness because HCD is the Responsible Entity for CHDO projects under NEPA. A new public notice must be published.**

Environmental Reviews/When do I start?: Q: Can I prepare the NEPA review record prior to submitting the HOME loan application? **A: Yes. It is best to start the NEPA review early in the process.**

Fiscal Integrity/Applicant, Developer, or Project?: Q: Is the fiscal integrity of the applicant's or developer's organization evaluated? **No. The fiscal integrity of the project, as proposed in the application, is evaluated.**

Fiscal Integrity/Underwriting Guidelines for State Recipient Applications: Q: Are State Recipients required to follow the HOME underwriting guidelines, including reserve requirements? **A: No, but it is recommended that State Recipients use the underwriting guidelines in the application manual since the application will be evaluated using these guidelines. Any deviations from the guidelines should be explained in the application.**

Fiscal Integrity/Underwriting Guidelines/Debt Coverage Ratio: Q: What if a permanent lender is requiring a debt service coverage ratio that is higher than the HOME guidelines? **A: A debt coverage ratio higher than 1.15 would violate the HOME regulations and require correction to remain HOME eligible. An application violating this requirement will be penalized in rating and ranking and be required to comply with the 1.15 DCR requirement if funded.**

Fiscal Integrity/Underwriting Guidelines/Capitalizing Replacement Reserves: Q: Must the replacement reserve be fully funded on an annual basis or can it be capitalized upfront? **A: The HOME application will be evaluated to determine if the replacement reserve is adequately funded on an annual basis according to the HOME underwriting guidelines. However, it is acceptable if the replacement reserve is capitalized upfront in an amount which is equal to or greater than the aggregated amount of the reserve if it was annually funded for the required period of affordability.**

Fiscal Integrity/Underwriting Guidelines/Maximum Amount of Reserves: Q: Is there a maximum dollar cap to the replacement and operating reserves? **A: No, both must be funded for the full applicable period of affordability in an amount consistent with the HOME underwriting guidelines.**

HOME Loan Terms: Q: Are all HOME loans repaid from residual receipts? **A: No. State Recipients may require different loan terms. Loans to CHDO rental projects originated from HCD require interest only payments paid from the project's residual receipts.**

Loan terms of other loans: Q: If the loan term for a \$3.5 million HOME loan is 55 years, must the loan term of other commitment letters and any deferred developer fee be 55 years? **A: No. However, the loan terms of the other financing, including any deferred developer fee, must be for the**

**applicable federal period of affordability for State Recipients and 30 years for CHDO projects in order to receive points.**

Project Application Limit: Q: Does the one-project allowance apply to the applicant or to the developer? **A: It applies to the applicant, i.e. the State Recipient or CHDO.**

Rating and Ranking/Capability/Filling out Forms: Q: Can the project lists for applicant, developer, and owner be duplicated on the “Prior Experience” charts? **A: Yes, the experience should be repeated if it is applicable and conforms to the experience requirements on the particular application page. Keep in mind that rental rehabilitation and rental new construction experience cannot be combined when representing project experience. However, all Department projects, regardless of housing type, must be listed under Section 2D of Attachments 10 and 12, and Section 2C of Attachment 11.**

Rating and Ranking/Capability/HOME program experience: Q: Can I list a completed project funded from a HOME rental rehabilitation *program* as HOME *project* experience? **A: Yes.**

Rating and Ranking/Capability/Limited Partnerships: Q: The eventual owner of the project will be a limited partnership. Should I list the current owner or the limited partnership under “Owner” in the application? **A: The limited partnership.**

Rating and Ranking/Capability/Single Asset Corporations: Q: Can the experience of the sponsoring entity of several single asset corporations be listed under owner’s experience? **A: Yes. You must clearly describe the relationship of the sponsoring entity to the single asset corporations whose experience is listed and to the single asset corporation listed under owner in the application.**

Rating and Ranking/Capability/Phased Building Completion: Q: If a project has several buildings being completed in phases, must I wait for the Certificate of Occupancy on the final phase, or do the Certificates of Occupancy on the initial phases count toward experience on the HOME loan application? **A: For new construction, HOME will count all completed phases signed off by the local building department from January 1, 1998 to October 30, 2002 as experience. For rehabilitation, HOME will count all habitable units completed between the above timeframes.**

Rating and Ranking/Capability/Out of State projects: Q: Can out-of-state HOME projects be used towards the HOME experience on the application? **A: Yes, as long as they meet the experience requirements in the application.**

Rating and Ranking/Feasibility points: Q: Can you provide a breakdown of the 400 points for the “Feasibility” category? **The 400 points are measured by 1) Readiness (such as status of local government approvals, Article 34, regional permits, permanent financing, Phase I, pending lawsuits, and design progress), 2) Local Market (rent comparisons), and 3) Fiscal Integrity.**

Rating and Ranking/Feasibility/Readiness/Architect: Q: Can the architect represented in the application be employed on staff by the owner, developer, or sponsor? **A: Yes.**

Rating and Ranking/Feasibility/Readiness/Pending Lawsuits: Q: Who writes the letter certifying that there are no pending lawsuits affecting the project? **A: The applicant should prepare the letter.**

Rating and Ranking/Feasibility/Readiness/Phase I: Q: Is an applicant required to submit a Phase I Site Assessment with the HOME application? How current does a Phase I Site Assessment have to be? **A: The Phase I is a rating factor only. We strongly request that Phase I Site Assessments and/or Phase I updates be dated no older than 6 months from the date of application. However, applicants will not lose rating points for older reports.**

Rating and Ranking/Priority for previously awarded HOME projects: Q: Will HOME provide additional rating points to previously awarded HOME projects? **A: No.**

Tenant Occupancy Requirements: Q: What is the requirement if the original tenant in a HOME-assisted unit becomes “over-income”? **A: Under this scenario, a temporary non-compliance period is encountered. No tenant displacement is required. However, the rent must be raised per the HOME Final Rule 92.252(i). If the project’s HOME-assisted units are “floating,” you can correct the problem by designating another comparable unit as HOME-assisted if the tenant in that unit is HOME-eligible. If the over-income tenant is residing in a “fixed” HOME-assisted unit, you must wait until the over-income tenant vacates the unit, then replace the tenant with a HOME-eligible tenant.**

Qualified Applicant List  
2002 NOFA

*Note: these State Recipients and CHDOs are eligible to apply for up to \$200,000 more for program applications if all quarterly reports (due April 30, 2002 and July 31, 2002) and Annual Performance Reports (due July 31, 2002) have been filed by October 30, 2002. Other applicants may also be considered qualified for this bonus, if they had no program expenditure milestones in calendar year 2001 and the specified reports have also been filed by October 30, 2002.*

Arcata  
Atwater  
Avenal  
Calaveras County  
Calexico  
Capitola  
Central Valley Christian Development Corporation  
Ceres  
Coachella  
Corona  
Delano  
Dinuba  
Dixon  
El Centro  
Exeter  
Fairfield  
Farmersville  
Grass Valley  
Greenfield  
Hollister  
Holtville  
Hughson  
Huron  
Humboldt County  
Imperial City  
Imperial County  
Kings County  
Lancaster  
Lemoore  
Lincoln  
Lindsay  
Los Banos  
Merced County  
Napa  
Nevada County  
Oakdale  
Oroville

Paradise  
Porterville  
Redding  
Redwood Community Action Agency  
Riverbank  
Roseville  
Shasta County  
South Lake Tahoe  
Susanville  
Tulare County  
Tuolumne County  
Ukiah  
Upland  
Vacaville  
Waterford  
Woodlake  
West Sacramento

**2002 HOME NOFA APPLICATION LIMITS**

<b><u>SINGLE APPLICATION LIMITS</u></b>	\$400,000	\$600,000	800,000	\$1,000,000	\$1,200,000	\$3,500,000
Single Program Activity (Att. 4-8)	<b>X</b>					
Single Program Activity (Att. 4-8), qualified applicant		<b>X</b>				
Project Activity Att. 13		<b>X</b>				
Project Activity Att. 11, 12, and 10 (with 9% LIHTCs).				<b>X</b>		
Project Activity Att. 10 (without 9% LIHTCs) and Att. 11,12 Preservation Projects						<b>X</b>
<b><u>TWO ACTIVITY APPLICATION LIMITS</u></b>						
Two Program Activities (Att.4-9)		<b>X</b>				
Two Program Activities (Att. 4-9) qualified applicant			<b>X</b>			
One Att. 13 and one Program Activity		<b>X</b>				
One Att. 13 and one Program Activity, qualified applicant			<b>X</b>			
One Project Activity Att. 11, 12, and 10 (with 9% LIHTCs) and one Program Activity				<b>X</b>		
One Project Activity Att. 11, 12, and 10 (with 9% LIHTCs), and one Program Activity, qualified applicant					<b>X</b>	
One Project Activity Att. 10 (without 9% LIHTCs) or Att.11,12 Preservation Project, and one Program Activity, qualified or non qualified applicant						<b>X</b>

Notes for two activity applications: a) the individual limits for each activity still apply, e.g. if a single program activity application is limited to \$600,000, that limit still applies to that activity in a two activity application, and b) the “bonus” \$200,000 can only be used for the program activity in an application that is composed of a program activity and a project activity.

## SECTION VII. APPLICANT CERTIFICATION AND COMMITMENT OF RESPONSIBILITY

As the official designated by the governing body, I hereby certify that if approved by the Department for a HOME funding allocation, the \_\_\_\_\_ (applicant name) assumes the responsibilities specified in the HOME regulations and certifies that:

- A. It possesses the legal authority to apply for the allocation and to execute the proposed program;
- B. It has resolved any audit findings for the prior Department- or federally-funded housing or community development projects or programs to the satisfaction of the Department or federal agency by which the finding was made;
- C. It is not currently suspended or debarred from receiving federal funds;
- D. Before committing funds to a project, it will evaluate the project in accordance with the guidelines it adopts for this purpose and will not invest any more HOME funds in combination with other governmental assistance than is necessary to provide affordable housing;
- E. If a CHDO, its board composition complies with and will continue to comply with the requirements for CHDOs in the definition contained in 24 CFR Section 92.2;
- F. It will comply with all statutes and regulations governing the HOME program;
- G. The information, statements, and attachments contained in this application are, to the best of my knowledge and belief, true and correct.

I authorize the Department of Housing and Community Development to contact any agency, whether or not named in this application, which may assist in determining the capability of the applicant. All information contained in this application is acknowledged to be public information.

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

Type Name: \_\_\_\_\_ Date: \_\_\_\_\_

Please note: If the application is signed by someone other than the person authorized in the resolution, submit evidence which shows that the person signing has the authorization to sign in Attachment 15.